

1 J. Vaughn
2 as myself and everybody else who was
3 involved in this were under different
4 perceptions or different interpretations
5 of what was going to happen with this
6 particular situation.
7 Now, what's on paper is one
8 thing. That is the only thing right now
9 we can sit here and say we know to be true
10 that's what was put on paper. However,
11 there were other things that went on that
12 were discussed and totally a lot of this
13 stuff is maybe past the limitations of
14 even going into any further, but the fact
15 of the matter is I'm telling you as well
16 as everybody else in here that this may be
17 a statement in truth, but it's not a true
18 statement.
19 Q. All I wanted from you was did
20 you sign the document that you knew was
21 false at the time?
22 A. I answered that.
23 Q. And you did that's what you
24 did, right?
25 A. Yes.

[Page 70]

1 J. Vaughn
2 Q. Now, and you don't remember
3 where you were when you signed this
4 document?
5 A. No.
6 Q. Do you know who was present?
7 A. No.
8 Q. Now, no one from PSI was
9 present when you signed this document?
10 A. Absolutely not.
11 Q. And PSI had absolutely nothing
12 to do with your selection of counsel?
13 A. No, they didn't have anything
14 to do with it.
15 Q. That was somebody you chose on
16 your own?
17 A. Yes.
18 Q. Based on recommendation from
19 Ms. Hernandez?
20 A. That's correct.
21 Q. You gave to Leeds & Morelli a
22 calculation of your injuries and damages
23 which you computered to equal \$200,000,
24 correct?
25 A. Actually it was computed to be

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1 J. Vaughn
2 more, but we don't have that in our
3 paperwork here today but, yes, it was
4 more.
5 Q. It was more?
6 A. Yes.
7 Q. Let me take a look then. Let
8 me mark as Respondents' Exhibit 2, a
9 five-page document.
10 (Respondents' Exhibit 2 a
11 five-page document marked for
12 identification, as of this date.)
13 Q. Can you identify Respondents'
14 Exhibit 2 for me, Mr. Vaughn?
15 A. Yes.
16 Q. What is it?
17 A. This is a document stating
18 what we were looking for in damages and
19 basically my complaint to Prudential.
20 Q. And do you see on page 3 where
21 it says back pay damage estimated
22 \$200,000?
23 A. Yes.
24 Q. Were they your estimated
25 damages at the time?

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1 J. Vaughn
2 A. These were estimated based on
3 conversations that I had specifically
4 with -- in the counsel at the time, but
5 your answer is yes.
6 Q. Did anybody ever tell you that
7 your lawyer stood up in front of Judge
8 Coate and said you had no damages on your
9 underlying claims as opposed to your
10 theory of the class action?
11 A. No.
12 Q. Nobody told you that?
13 A. No.
14 Q. So the first time you read the
15 transcript of February 5, 2006 when Mr.
16 Bortnick asked you to read it out loud, is
17 the first time you saw that today?
18 A. Yes.
19 Q. So he hadn't shown you that
20 before?
21 A. I have seen it.
22 Q. Turn to -- you have seen it?
23 A. Yes.
24 Q. Have you read it?
25 A. Yes, I read it. You asked me

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[19] (Pages 70 to 73)

<p>1 J. Vaughn</p> <p>2 is this the first time I have seen it, I</p> <p>3 said, no, I have seen it.</p> <p>4 Q. When did you see it?</p> <p>5 A. Whenever they mailed me a copy</p> <p>6 of everything that we have gone through</p> <p>7 thus far.</p> <p>8 Q. Okay. So turn to page 7 --</p> <p>9 A. Yes.</p> <p>10 Q. -- and if you will refer to</p> <p>11 line 11?</p> <p>12 A. Yes.</p> <p>13 Q. Could you read the sentence to</p> <p>14 the rest of paragraph beginning with "Mr.</p> <p>15 Vaughn"?</p> <p>16 A. "Mr. Vaughn, when he settled</p> <p>17 his original case with Prudential with</p> <p>18 Leeds & Morelli representing him, a piece</p> <p>19 of paper that said: I think these are my</p> <p>20 damages is a certain amount, and</p> <p>21 Prudential agreed to pay that certain</p> <p>22 amount to Mr. Vaughn less, of course, the</p> <p>23 contingency portion that went to Leeds</p> <p>24 Morelli & Brown."</p> <p>25 Q. And if you go to page 9, line</p> <p style="text-align: right;">[Page 74]</p>	<p>1 J. Vaughn</p> <p>2 mediation. I do recall showing up at</p> <p>3 mediation and based on what I had to say</p> <p>4 they were going to assess what amount</p> <p>5 would be what they would consider a</p> <p>6 settlement.</p> <p>7 Q. And that amount just happened</p> <p>8 to coincide with your estimate of what</p> <p>9 your actual damages were?</p> <p>10 A. Yes.</p> <p>11 Q. And you got the \$200,000,</p> <p>12 right?</p> <p>13 A. Yes.</p> <p>14 Q. And you got the Cobra payments</p> <p>15 on your behalf for six months, right?</p> <p>16 A. I don't recall.</p> <p>17 Q. You don't remember --</p> <p>18 A. I don't recall.</p> <p>19 Q. -- whether you got that</p> <p>20 benefit out of the contract?</p> <p>21 A. I don't recall.</p> <p>22 Q. But you got those things</p> <p>23 without having to go to court, right?</p> <p>24 A. Yes.</p> <p>25 Q. So you got what you asked for</p> <p style="text-align: right;">[Page 76]</p>
<p>1 J. Vaughn</p> <p>2 3, after the words "Mr. Bortnick." Could</p> <p>3 you read the first paragraph there?</p> <p>4 A. "The court" --</p> <p>5 Q. No, after the words "Mr.</p> <p>6 Bortnick."</p> <p>7 A. "Mr. Vaughn did not have any</p> <p>8 intention to bring a one-on-one</p> <p>9 arbitration because he has a damages issue</p> <p>10 here and he understands that."</p> <p>11 Q. Do you know what Mr. Bortnick</p> <p>12 was talking about?</p> <p>13 A. I have to read the rest of</p> <p>14 this to understand that but, no, to answer</p> <p>15 the question, just reading that one</p> <p>16 sentence, no.</p> <p>17 Q. The fact is you submitted a</p> <p>18 claim in mediation for \$200,000; that's</p> <p>19 the claim you submitted in mediation,</p> <p>20 right?</p> <p>21 A. No.</p> <p>22 Q. You submitted a larger claim</p> <p>23 in mediation?</p> <p>24 A. We went to mediation I don't</p> <p>25 recall ever submitting any numbers to</p> <p style="text-align: right;">[Page 75]</p>	<p>1 J. Vaughn</p> <p>2 without having to go to court and without</p> <p>3 having a hearing like this, nobody was</p> <p>4 cross examining you, were they?</p> <p>5 A. No.</p> <p>6 Q. And there were no judges</p> <p>7 there?</p> <p>8 A. No.</p> <p>9 Q. No juries there?</p> <p>10 A. Not that I recall.</p> <p>11 Q. And you got 100 percent of</p> <p>12 what you asked for?</p> <p>13 A. Yes.</p> <p>14 Q. And you were asserting an</p> <p>15 individual claim, a claim unique to you,</p> <p>16 correct?</p> <p>17 A. Correct.</p> <p>18 Q. Not on behalf of a class, if</p> <p>19 you will, right?</p> <p>20 A. That's correct.</p> <p>21 Q. What is a class action?</p> <p>22 A. A class action is a group of</p> <p>23 people coming together for one specific</p> <p>24 issue for a common cause that would be a</p> <p>25 class action in my view.</p> <p style="text-align: right;">[Page 77]</p>

[20] (Pages 74 to 77)

1 J. Vaughn
 2 Q. Did you know what a class
 3 action was back in 1998?
 4 A. Again, that's probably I would
 5 have thought the same thing.
 6 Q. Now, are you being paid to be
 7 a plaintiff in this action?
 8 A. No, I'm not.
 9 Q. When is the first time the
 10 thought occurred to you to file a class
 11 action against my client and others?
 12 A. When I realized that from what
 13 I believed is that the actual agreement
 14 that I signed was when I found out they
 15 had a relationship with Prudential for
 16 whatever reasons, and that wasn't made
 17 known to me under confidentiality I would
 18 think of your client, then I thought at
 19 that point, hey, Prudential paying you and
 20 you are taking money from me. I think
 21 that there's something wrong with this,
 22 and that's when I decided to pursue it.
 23 Q. I asked you one question and I
 24 said "when" not what, "when"?
 25 A. I don't remember.

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1 J. Vaughn
 2 Q. Was it --
 3 MR. BORTNICK: I will object
 4 in terms of the tone here from Mr.
 5 Harper. If he can ask the same
 6 question without the tone.
 7 THE CHAIRMAN: It is cross.
 8 Q. All I asked you is when?
 9 A. I don't remember.
 10 Q. You don't remember?
 11 A. No.
 12 Q. Was it in 1999?
 13 A. I don't remember.
 14 Q. So it could have been 1999?
 15 A. No, I don't remember. I don't
 16 recall.
 17 Q. You don't recall?
 18 A. No.
 19 Q. Do you recall how long it was
 20 before you commenced the class action?
 21 A. It would have had to have been
 22 after 2004.
 23 Q. After 2004?
 24 A. Yes.
 25 Q. So 2005?

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1 J. Vaughn
 2 A. Yes.
 3 Q. That is when the thought first
 4 occurred to you?
 5 A. Yes.
 6 Q. And yet you filed a class
 7 action in October of 2004?
 8 A. Okay. Well, I could be off
 9 but it had to be after 2004 or about
 10 around 2004.
 11 Q. So it wasn't after 2004 it was
 12 in 2004?
 13 A. Okay.
 14 Q. How long before you filed a
 15 class action?
 16 A. I don't remember. I don't
 17 remember.
 18 Q. Now, whose idea was it to file
 19 a class action?
 20 A. Whose idea?
 21 MR. BORTNICK: I will object
 22 to the extent that if Mr. Vaughn had
 23 an attorney at the time that he
 24 should not reveal the substance of
 25 the attorney-client communications.

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1 J. Vaughn
 2 THE CHAIRMAN: Fine.
 3 MR. BORTNICK: I wasn't Mr.
 4 Vaughn's counsel at the time. But
 5 if he had other counsel.
 6 Q. Whose idea was it?
 7 A. Again, when this was brought
 8 to my attention?
 9 Q. By whom?
 10 A. By Connie Hernandez.
 11 Q. Connie Hernandez brought it to
 12 your attention?
 13 A. Yes. Then I decided to go
 14 forward with it. When that time was I
 15 don't recall. It had to be somewhere
 16 around 2004, and my reason for saying that
 17 is because prior to that I spent from 2000
 18 to 2003 working in Atlanta for Citigroup.
 19 So when I got back up here is when this
 20 all surfaced.
 21 A. Who do you work for now?
 22 A. I work for Bloomberg.
 23 Q. What did Mr. Hernandez say to
 24 you and you say to her?
 25 A. I don't remember the exact

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[21] (Pages 78 to 81)

1 J. Vaughn
 2 conversation.
 3 Q. Did she mention a lawyer's
 4 name?
 5 A. She mentioned Angela Roper,
 6 yes.
 7 Q. And did you call Angela Roper
 8 or did she call you?
 9 A. I called her.
 10 Q. And had Ms. Hernandez retained
 11 Ms. Roper?
 12 A. I don't know.
 13 Q. And you have no recollection
 14 whatsoever what Ms. Hernandez said to you
 15 in prompting you to make a call to Ms.
 16 Roper?
 17 A. No?
 18 Q. Who is Ms. Roper?
 19 A. My other attorney.
 20 Q. Mr. Thyne's partner?
 21 A. Yes.
 22 Q. Now, let's go to the
 23 settlement agreement?
 24 A. Yes.
 25 Q. Between the time Mr. Hernandez

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1 J. Vaughn
 2 spoke to you in about 2004 and the --
 3 between the time you signed your
 4 settlement agreement in October 1998 and
 5 when you spoke to Mr. Hernandez at some
 6 point, had you ever expressed unhappiness
 7 about your settlement agreement with
 8 Prudential?
 9 A. Yeah.
 10 Q. To whom?
 11 A. I mean it was just to family
 12 and friends for the most part, nobody
 13 legally.
 14 Q. Did you ever complain to Leeds
 15 & Morelli?
 16 A. No.
 17 Q. Did you ever complain to PSI?
 18 A. No.
 19 Q. So other than family or
 20 friends -- what members of your family?
 21 A. I don't remember it was just
 22 family, just friends.
 23 Q. Your wife?
 24 A. It wasn't my wife at the time.
 25 Q. Do you remember any of the

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1 J. Vaughn
 2 friends you mentioned it to?
 3 A. No.
 4 Q. How about Ms. Hernandez?
 5 A. Ms. Hernandez is a very good
 6 friend.
 7 Q. You mentioned to her you were
 8 unhappy that you got 100 percent of what
 9 you asked for in the PSI settlement?
 10 A. Again, some of the things that
 11 we are talking about here are not stated
 12 in this because these were things that,
 13 number one, were either too old to talk
 14 about or they are not on paper.
 15 The things that I was unhappy
 16 with, if I must go into detail about them,
 17 was Leeds & Morelli told me that, hey, you
 18 would be getting when you --
 19 MR. HARPER: I have to
 20 interrupt the witness, this is
 21 cross-examination.
 22 MR. BORTNICK: The question
 23 was, what were different --
 24 THE CHAIRMAN: Hold on, one
 25 at a time.

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1 J. Vaughn
 2 MR. HARPER: If you read it
 3 back the question is what did you
 4 say to Ms. Hernandez.
 5 THE CHAIRMAN: Read it back.
 6 (A portion of the record was
 7 read.)
 8 THE CHAIRMAN: Let me say one
 9 thing. Mr. Vaughn, do not make any
 10 assumptions that something is too
 11 old for us to hear. If counsel has
 12 some objection based on time to what
 13 you are going to say they will make
 14 it, but don't make that assumption
 15 yourself. Don't screen yourself
 16 from saying something you think is
 17 irrelevant. Okay.
 18 THE WITNESS: Fine.
 19 Q. Yes or no?
 20 A. It is not yes or no. I did
 21 not mention to her that I was content that
 22 I got 100 or upset I got 100 percent. It
 23 was not 100 percent. 100 percent would
 24 have been the job working for DOW, which
 25 was Discrimination on Wall Street, which

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[22] (Pages 82 to 85)

1 J. Vaughn
2 is a company that Leeds & Morelli as well
3 as the people at Prudential had put
4 together for this purpose.

5 MS. LEWIS: Objection.

6 A. On top of that, which I have
7 documentation for and I don't have it with
8 us, but they also said that, hey, Jeff,
9 you are going to get out of this deal you
10 will get \$200,000 you will have a job
11 working with DOW and you will get
12 long-term disability. And I was going to
13 their counselors for the purpose of this
14 disability which never took place -- which
15 never took place as well as they took 1
16 percent of what -- or something along
17 those lines of the what I settled for for
18 purposes of DOW.

19 So in other words I was buying
20 into the company so I would have a job and
21 work for and none of that existed. Again,
22 this is not on paper, this is something
23 that we agreed upon and these are things
24 that can be shown.

25 MS. LEWIS: Can I note my
[Page 86]

1 J. Vaughn
2 objection for the record. We have
3 been told time and again by every
4 counsel here that we were not going
5 into the merits of these claims, all
6 of which Leeds & Morelli denies.
7 And this testimony regarding DOW or
8 promises by Leeds & Morelli is not
9 only -- there's documents that exist
10 that aren't here. I mean this has
11 no relevancy. Even if it could be
12 proved to what is being discussed
13 here regarding the intentions of Mr.
14 Vaughn regarding when he signed the
15 agreement that said he will
16 arbitrate the claim.

17 MR. BORTNICK: I want to
18 largely agree what we said, but what
19 can be proved, certainly not today,
20 but I certainly agree with what this
21 hearing was about, it was elicited
22 on cross-examination. So I didn't
23 think it was my place to object, but
24 I do agree this is about what, as
25 she said, I think almost a direct

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1 J. Vaughn
2 quote what Mr. Vaughn's intentions
3 were at the signing of the
4 settlement agreement, that's the
5 sole issue I agree with her and
6 whether this DOW was right or wrong
7 or whatever is not part of this
8 hearing.

9 MS. LEWIS: Respectfully,
10 part of the problem here was this
11 door was opened on direct when Mr.
12 Bortnick went well beyond, this is
13 the agreement did you sign it, did
14 you mean to sign it. So he asked
15 about his qualifications and
16 experience and Mr. Harper
17 understandably is trying to follow
18 up on it, but at some point when we
19 start getting to the full measure of
20 the claims we have to object.

21 MR. HARPER: I actually would
22 only say that Mr. Vaughn can talk
23 all he wants, but I think it all
24 should be stricken. I think he is
25 not answering the exact question

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1 J. Vaughn
2 that I ask and on cross-examination
3 I would ask for instruction that he
4 listen to the question I ask and
5 answer only that question because if
6 you look at the questions I'm asking
7 as opposed to the answers I'm
8 getting, they all go to whatever
9 issue Mr. Bortnick and Ms. Lewis
10 think are an issue here.

11 THE CHAIRMAN: Ms. Lewis'
12 objection is overruled. Mr. Vaughn
13 is to answer the question. However,
14 there's no reason why Mr. Vaughn has
15 to accept your characterization of
16 something that happened, if he
17 disagrees with it, if there is an
18 assumption built into your question
19 and he does not accept that
20 assumption, he can make that known.

21 MR. HARPER: Fair point.
22 Q. By the way, you just talked
23 about all these promises that were made to
24 you that aren't on paper, none of them
25 were made by Prudential, correct?

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[23] (Pages 86 to 89)

1 J. Vaughn
 2 A. Correct.
 3 Q. Let's go to the settlement
 4 agreement.
 5 A. Yes.
 6 Q. And start with paragraph 16
 7 because I want to go over it with you
 8 carefully.
 9 A. Yes.
 10 Q. Let's take it one sentence at
 11 a time, Mr. Vaughn --
 12 A. Yes.
 13 Q. -- paragraph 16.
 14 A. Yes.
 15 Q. "Voluntary execution," let's
 16 read the first sentence out loud.
 17 A. "Vaughn acknowledges that he
 18 has carefully read this agreement and
 19 understands all of its terms including the
 20 full and final release of claims set forth
 21 above.
 22 Q. Is there anything in that
 23 sentence that you do not understand?
 24 A. No.
 25 Q. Is there anything in that

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1 J. Vaughn
 2 correct?
 3 A. Yes.
 4 Q. The next phrase.
 5 A. "That he has not relied upon
 6 any representation or statement written or
 7 oral not set forth in this agreement."
 8 Q. Is there anything about that
 9 sentence that you do not understand?
 10 A. Pretty much the whole thing.
 11 Q. You don't understand any of
 12 it?
 13 A. No..
 14 Q. And what word don't you
 15 understand?
 16 A. Anything that I just read in
 17 that sentence there I do not understand.
 18 Q. Do you understand what the
 19 word "relied" means?
 20 A. Yes.
 21 Q. What does it mean?
 22 A. Depended upon.
 23 Q. Do you understand what the
 24 word "representation of statement" means?
 25 A. Yes.

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1 J. Vaughn
 2 sentence that you did not understand at
 3 the time?
 4 A. No.
 5 Q. Is there anything in that
 6 sentence that was false at the time you
 7 signed the agreement?
 8 A. No.
 9 Q. Let's do the second sentence,
 10 and this is a little longer one, so maybe
 11 we will break it down by semicolons. But
 12 let's read the first part of the sentence
 13 up to the first semicolon.
 14 A. "Vaughn further acknowledge
 15 that he has voluntarily entered into this
 16 agreement."
 17 Q. Is there anything about that
 18 phrase you do not understand?
 19 A. No.
 20 Q. And you understood it clearly
 21 at the time you signed the agreement,
 22 correct?
 23 A. Yes.
 24 Q. And that statement is true
 25 when you went into the agreement; is that

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1 J. Vaughn
 2 Q. What does it mean?
 3 A. Representation of someone who
 4 is being represented.
 5 Q. A fact or statement?
 6 A. Yes.
 7 Q. "Written or oral," do you
 8 understand those words?
 9 A. Yes.
 10 Q. And "not set forth in this
 11 agreement"?
 12 A. That I don't understand.
 13 Q. So let's break it down that
 14 you have not depended upon any statement
 15 of the fact whether in writing or oral
 16 that isn't in the agreement?
 17 A. No.
 18 Q. No, what does it mean?
 19 A. Well, because you said it says
 20 here: Any representation or statement
 21 written or oral, what is meant by oral?
 22 Q. You tell me. Do you
 23 understand what the word "oral" means?
 24 A. I know what the word "oral"
 25 means as it pertains to this statement.

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[24] (Pages 90 to 93)

1 J. Vaughn
 2 Q. What does the word "oral"
 3 mean?
 4 A. I'm asking you.
 5 Q. One of the good things and bad
 6 things about being a lawyer is that I get
 7 to ask the questions. So what does the
 8 word "oral" mean to you in everyday life?
 9 A. Verbal.
 10 Q. In other words not written
 11 down but talked?
 12 A. Yes.
 13 Q. So we understand what the word
 14 "oral" means?
 15 A. Exactly.
 16 Q. So now tell me what in this
 17 sentence fragment you do not understand?
 18 A. I don't understand again where
 19 it says: That he has not -- that he has
 20 not relied upon any representation or
 21 statement written or oral not set forth in
 22 this agreement.
 23 There were things that were
 24 said orally that are not in this
 25 agreement.

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1 J. Vaughn
 2 Q. On which you relied?
 3 A. Yes.
 4 Q. But you just told me that the
 5 first sentence was true and that you
 6 understood it to be true at the time,
 7 which is that you understood all of its
 8 terms?
 9 A. I'm not going to say I
 10 understood all of its terms.
 11 Q. You are changing the testimony
 12 you gave me five minutes ago?
 13 A. I'm not changing my testimony,
 14 I'm telling you I did not understand all
 15 of the terms included in this. I'm not a
 16 lawyer.
 17 Q. But you said a few -- I
 18 understand you are not a lawyer, but you
 19 signed a contract.
 20 A. I understand.
 21 Q. And you are trying against
 22 Prudential to get around the contract, and
 23 I'm trying to focus on the promises you
 24 made to my client when you signed the
 25 contract. And you told me not five

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1 J. Vaughn
 2 minutes ago that it was accurate and true,
 3 that you had carefully read and understood
 4 all the terms of the contract and now you
 5 are telling me two fragments later that
 6 you didn't understand what that fragment
 7 meant.
 8 A. I'm telling you two fragments
 9 later that I did not understand all of the
 10 terms. I understood what the contract
 11 represented, I did not all of the terms in
 12 the contract is what I'm saying.
 13 Q. Read the next sentence
 14 fragment.
 15 A. "That the only consideration
 16 for signing this agreement is as set forth
 17 herein."
 18 Q. Do you know what that means?
 19 A. No.
 20 Q. Do you know what
 21 "consideration" is in a contract?
 22 A. Yes, I know what consideration
 23 is.
 24 Q. What is it?
 25 A. (No response.)

[Page 96]

1 J. Vaughn
 2 Q. Let me help you. Is it fair
 3 to say that your understanding of the word
 4 "consideration" is the promises that
 5 Vaughn makes to PSI and the promises that
 6 PSI makes to Vaughn in a contract that is
 7 consideration and exchange of
 8 consideration?
 9 A. I can see that, but that's not
 10 what I would interpret it as.
 11 Q. You tell me what you interpret
 12 it as.
 13 A. I don't understand this the
 14 way it is being represented here.
 15 Q. I thought you just told me you
 16 knew what consideration is?
 17 A. Again, you are going to ask me
 18 about a word or are you going to ask me
 19 about a message fragment.
 20 Q. Consideration in the context
 21 of this agreement; do you know what it
 22 means?
 23 A. No.
 24 Q. So that's another sentence
 25 that you acknowledge that you don't

[Page 97]

[25] (Pages 94 to 97)

<p>1 J. Vaughn</p> <p>2 understand the terms?</p> <p>3 A. Right.</p> <p>4 Q. Even though you told me you</p> <p>5 did understand all the terms?</p> <p>6 A. Again, I understand what or</p> <p>7 understood what the contract represented.</p> <p>8 I did not understand all of the terms in</p> <p>9 the contract.</p> <p>10 Q. What did this contract, this</p> <p>11 contract, the written contract, what did</p> <p>12 it represent?</p> <p>13 A. What it represented to me was</p> <p>14 that Prudential -- I have agreed to settle</p> <p>15 with Prudential on X amount of dollars,</p> <p>16 and that was it, that's what that means to</p> <p>17 me.</p> <p>18 Q. Did you give anything to</p> <p>19 Prudential for that \$200,000?</p> <p>20 A. What do you mean did I give</p> <p>21 anything to them.</p> <p>22 Q. Did you make any promises to</p> <p>23 Prudential?</p> <p>24 A. That the only thing that I</p> <p>25 promised was that it wouldn't be something</p> <p style="text-align: right;">[Page 98]</p>	<p>1 J. Vaughn</p> <p>2 made to PSI in this agreement? You gave</p> <p>3 PSI a release from all claims and causes</p> <p>4 of action; do you see that?</p> <p>5 A. Yes.</p> <p>6 Q. And yet having released all</p> <p>7 those claims you are bringing a new one?</p> <p>8 A. Yes.</p> <p>9 Q. And if you go down and it</p> <p>10 says: "That the release covers any claims</p> <p>11 that you ever had or may hereafter have,</p> <p>12 whether known or unknown" -- this is the</p> <p>13 last line -- "suspected or unsuspected up</p> <p>14 to and including the date of this</p> <p>15 agreement." Do you see that?</p> <p>16 A. Yes.</p> <p>17 Q. Is there anything in there you</p> <p>18 don't understand?</p> <p>19 A. I pretty much understand that.</p> <p>20 Q. And then on the top of page 2</p> <p>21 it says: Vaughn further agrees, promises</p> <p>22 and covenant, that to the maximum extent</p> <p>23 permitted by law neither he" that means</p> <p>24 you "for any person organization or other</p> <p>25 entity acting on his behalf, has or will</p> <p style="text-align: right;">[Page 100]</p>
<p>1 J. Vaughn</p> <p>2 that would go to the news.</p> <p>3 Q. That's it?</p> <p>4 A. That was it.</p> <p>5 Q. All right. Well, let's go</p> <p>6 back to the first page of the contract --</p> <p>7 A. Yes.</p> <p>8 Q. -- of the settlement</p> <p>9 agreement.</p> <p>10 A. Yes.</p> <p>11 Q. And in paragraph 4 it reads:</p> <p>12 "Vaughn hereby releases and</p> <p>13 discharges PSI, its parents, divisions,</p> <p>14 subsidiaries and affiliations and their</p> <p>15 current and former directors, officers,</p> <p>16 shareholders, agents and employees and</p> <p>17 each of their predecessors, successors and</p> <p>18 assigns, hereinafter the company, from any</p> <p>19 and all claims and causes of action except</p> <p>20 for the benefits specifically set forth in</p> <p>21 this agreement arising out of or relating</p> <p>22 to Vaughn's employment or separation from</p> <p>23 employment." Do you see that?</p> <p>24 A. Yes.</p> <p>25 Q. Isn't that a promise that you</p> <p style="text-align: right;">[Page 99]</p>	<p>1 J. Vaughn</p> <p>2 file, charge, claim, sue or cause to be or</p> <p>3 permit to be filed, charge or claim any</p> <p>4 actions for damages or other relief -- "</p> <p>5 do you see that?</p> <p>6 A. Yes.</p> <p>7 Q. -- "against the company" --</p> <p>8 A. Yes.</p> <p>9 Q. -- "involving any matter</p> <p>10 occurring in the past up to the date of</p> <p>11 this agreement." Do you see that?</p> <p>12 A. Yes.</p> <p>13 Q. Is there anything there you</p> <p>14 don't understand?</p> <p>15 A. I understand it.</p> <p>16 Q. You understand that was</p> <p>17 something else you gave to PSI, you</p> <p>18 promised not to sue PSI, right?</p> <p>19 A. Yes.</p> <p>20 Q. And you did sue PSI again?</p> <p>21 MR. BORTNICK: I will</p> <p>22 object. The basis of the lawsuit</p> <p>23 which is on a well-recognized</p> <p>24 exception to a release is not an</p> <p>25 issue here. The claim in that being</p> <p style="text-align: right;">[Page 101]</p>

[26] (Pages 98 to 101)

1 J. Vaughn
 2 there is a collusion between his
 3 attorneys and Prudential, that would
 4 void a release if --
 5 THE CHAIRMAN: If proven true.
 6 MR. BORTNICK: That is not
 7 here for today, but he is asking him
 8 about these issues and trying to
 9 make it seem as if he can't even sue
 10 them in the first place which is not
 11 true.
 12 MR. HARPER: I don't
 13 understand the objection, so I will
 14 continue with my examination.
 15 THE CHAIRMAN: Fine.
 16 Q. Then down on paragraph 9 it
 17 says: "Non disparagement. Vaughn
 18 represents that he has not and agrees that
 19 he will not in any way disparage PSI." Do
 20 you see that?
 21 A. Yes.
 22 Q. Do you understand it?
 23 A. Yes.
 24 Q. But in fact you have
 25 disparaged PSI, correct?

[Page 102]

1 J. Vaughn
 2 A. I don't know, have I?
 3 Q. Well, you sued them, right?
 4 A. No.
 5 Q. You haven't sued us?
 6 A. No.
 7 Q. What are we doing here?
 8 A. Again, we are here to see if
 9 this is -- if I can -- if I had any
 10 knowledge that I could not bring a class
 11 action suit against Prudential and the
 12 answer to that is no.
 13 However, have I sued
 14 Prudential right now, this is we are here
 15 to see if that's possible. Do you
 16 understand what I'm saying?
 17 Q. I do. I hope you understand
 18 that I believe you made lots of promises
 19 to PSI that you've broken in this
 20 agreement including the one that says that
 21 you will not disclose directly or
 22 indirectly except to legal advisors if
 23 circumstances underlying this agreement
 24 which you publicly filed a lawsuit,
 25 correct?

[Page 103]

1 J. Vaughn
 2 A. Yes.
 3 Q. So you breached that too,
 4 right?
 5 A. Yes.
 6 Q. And then you also said or
 7 promised that any claim or controversy
 8 arising out of or related to this
 9 agreement or interpretation thereof will
 10 be settled by arbitration. That is in
 11 paragraph --
 12 MR. BORTNICK: I want to
 13 object.
 14 A. I think you need to say it,
 15 how it says --
 16 Q. Under the then prevailing
 17 constitution rules of the New York State
 18 Stock Exchange Inc. or the National
 19 Association of Securities Dealers Inc. Do
 20 you see that?
 21 A. Yes.
 22 Q. You made that promise too?
 23 A. Correct.
 24 Q. Now, you still have my
 25 \$200,000?

[Page 104]

1 J. Vaughn
 2 A. Are you trying to be funny?
 3 Q. No.
 4 A. What does that have to do with
 5 why we are here?
 6 Q. What it has to do with, I gave
 7 you \$200,000 or that is to say PSI did.
 8 THE CHAIRMAN: Ask a question
 9 only.
 10 Q. PSI gave you the \$200,000, is
 11 that correct?
 12 A. Correct.
 13 Q. You still have it?
 14 A. That's not here or there.
 15 Q. Yes or no?
 16 THE CHAIRMAN: Answer the
 17 question.
 18 MR. BORTNICK: I have an
 19 objection. We are not talking about
 20 this is not about a rescission
 21 proceeding. He is asking about
 22 rescission and about whether this
 23 agreement should be rescinded. We
 24 paid you \$200,000, you give it back
 25 to us.

[Page 105]

[27] (Pages 102 to 105)

1 J. Vaughn
2 Recission has nothing to do
3 with what we are here for today. Of
4 course, Mr. Vaughn cashed the check
5 or part of the check he got. That
6 is not the issue.

7 THE CHAIRMAN: Do you want to
8 respond to the objection?

9 MR. HARPER: I'm asking him a
10 question and it goes to the heart.

11 THE CHAIRMAN: He objected to
12 it and he's given his reasons for
13 objecting. I want to know whether
14 you wanted to respond.

15 MR. HARPER: I'm not talking
16 about recission or anything else.
17 I'm here because this gentleman is
18 saying he didn't understand what he
19 was doing when he signed the
20 agreement. And you have heard the
21 testimony, and I'm going to leave it
22 for the most part as it is that he
23 understands one minute and doesn't
24 understand it the next.

25 THE CHAIRMAN: So you are
[Page 106]

1 J. Vaughn
2 any and all costs incurred in connection
3 with any such recovery including
4 reasonable attorneys' fees.

5 Do you understand the meaning
6 of that phrase?

7 A. Yes.

8 Q. In paragraph 14 of the
9 settlement agreement where it says: "Any
10 claim or controversy arising out or
11 related to the agreement the interpretation
12 thereof," it doesn't say except class
13 actions, right?

14 A. No, it doesn't.

15 Q. You knew what a class action
16 was in October of 1998, correct?

17 A. Yeah.

18 MR. HARPER: I pass the
19 witness.

20 THE CHAIRMAN: Off the
21 record.

22 (Discussion off the record.)

23 THE CHAIRMAN: You may
24 proceed.

25 MS. LEWIS: Thank you.

[Page 108]

1 J. Vaughn
2 saying this question is appropriate
3 because --

4 MR. HARPER: This question is
5 appropriate because if he is going
6 to walk away from the promises he
7 made to me, I want the \$200,000
8 back. I'm wondering why if this
9 agreement is so meaningless to him
10 he hasn't given me the money back.

11 MR. BORTNICK: That's a
12 statement. I want my money back is
13 not the question.

14 MR. HARPER: The question is:

15 Q. Have you kept the money?

16 A. Yes.

17 THE CHAIRMAN: Objection is
18 overruled.

19 A. Yes.

20 Q. And finally let me go to
21 paragraph 15, and read: "Vaughn agrees in
22 the event of finding of a breach of the
23 agreement, he will forfeit to PSI all
24 amounts received pursuant to this
25 agreement, and he shall indemnify PSI for
[Page 107]

1 J. Vaughn
2 EXAMINATION BY
3 MS. LEWIS:

4 Q. Mr. Vaughn, when you settled
5 your claim you were aware you were not
6 settling it in any court proceeding; isn't
7 that correct.

8 A. That's correct.

9 Q. And you were aware that by
10 settling it, you were agreeing to give up
11 the right to go to court regarding a
12 claim; isn't that correct?

13 A. Yes.

14 Q. And in fact when you went
15 through the mediation process before the
16 mediators where you argued in favor of
17 your claim, you knew that was in lieu of
18 going to court; didn't you?

19 A. Yes.

20 Q. There was never a point in
21 time when you went to the mediators and
22 you said, well, if I don't like what you
23 say then I can still file in federal
24 court; did you?

25 A. No, I didn't say that.

[Page 109]

[28] (Pages 106 to 109)

1 J. Vaughn
 2 Q. And you knew that by going to
 3 the mediators to present your claim you
 4 weren't going to have a jury trial either;
 5 is that correct?
 6 A. Yes.
 7 Q. And I would like to direct
 8 your attention back to the settlement
 9 agreement.
 10 A. Yes.
 11 Q. Did anyone other than you and
 12 a representative of the Prudential sign
 13 the agreement?
 14 A. No.
 15 Q. There were other people making
 16 claims against Prudential; is that
 17 correct?
 18 A. Yes.
 19 Q. This only settled your claim?
 20 A. Yes, that's correct.
 21 Q. Did you have to get permission
 22 from any of the other claimants to settle
 23 your claim?
 24 A. No.
 25 Q. Did they have a vote because
 [Page 110]

1 J. Vaughn
 2 it was going to affect their claim one way
 3 or another as to whether or not you settle
 4 your claim?
 5 MR. BORTNICK: I will
 6 object. I don't see any relevancy
 7 even to what has been on direct or
 8 cross or what has been brought up.
 9 MS. LEWIS: This would be my
 10 cross. So I don't have to follow on
 11 his cross, but the claim is that Mr.
 12 Vaughn has the right to proceed in a
 13 class action and that he can
 14 eviscerate his individual process
 15 because he wants to go in a group
 16 and I think the group participation
 17 in his settlement and whether or not
 18 this is a one-on-one settlement or
 19 something that somebody else
 20 participated in because all of these
 21 claims about 50 other people in the
 22 works is very relevant.
 23 THE CHAIRMAN: And the
 24 relevance is?
 25 MS. LEWIS: And the relevance
 [Page 111]

1 J. Vaughn
 2 is that Mr. Vaughn independently
 3 went into a private agreement
 4 between Mr. Vaughn and Prudential
 5 and nobody else participated in it.
 6 And this is further evidence of the
 7 fact that the class action is an
 8 after-the-fact creation that has
 9 nothing to do with the private
 10 settlement agreement.
 11 MR. BORTNICK: If I had gone
 12 out and bought a share of World Com
 13 that was my private decision perhaps
 14 with my broker to buy a share of
 15 World Com. It is totally irrelevant
 16 as to whether I'm going to be either
 17 a class member or a class
 18 representative of a lawsuit against
 19 World Com or a class action against
 20 World Com which had been ongoing.
 21 I mean there is no relevance.
 22 It is like saying the sky is blue so
 23 you can't file a class action or you
 24 can file a class action. It is a
 25 disconnected idea.
 [Page 112]

1 J. Vaughn
 2 THE CHAIRMAN: The objection
 3 is overruled.
 4 MS. LEWIS: Read back
 5 question.
 6 (A portion of the record was
 7 read.)
 8 A. No.
 9 Q. Now in paragraph 14 it says,
 10 does it not: "Any claim or controversy
 11 arising out of or related to this
 12 agreement"? I want to stop there.
 13 A. Yes.
 14 Q. Do you understand the words
 15 "any claim or controversy"?
 16 A. Yes.
 17 Q. "Will be or the interpretation
 18 thereof will be settled by an
 19 arbitration."
 20 Do you understand what that
 21 means will be settled by arbitration?
 22 A. Yes.
 23 Q. And then it goes on to say:
 24 "Under the prevailing
 25 constitution rules of New York State Stock
 [Page 113]

[29] (Pages 110 to 113)

1 J. Vaughn
 2 Exchange or National Association of
 3 Security Dealers Inc." you understood
 4 those would be the rules you would be
 5 proceeding on for an arbitration; is that
 6 correct?
 7 A. Yes.
 8 Q. Did you ask about what those
 9 rules were going to be?
 10 A. No.
 11 Q. Did you ask whether or not you
 12 would be be entitled to bring a class
 13 action?
 14 A. No.
 15 Q. Did it matter to you one way
 16 or the other in deciding to accept
 17 \$200,000 whether or not you would still be
 18 entitled to bring a class action?
 19 A. No.
 20 Q. Did you understand that there
 21 was any exception to the phrase, "any
 22 claim or controversy" that would be
 23 brought under the arbitration?
 24 A. No.
 25 Q. Did you ask if there was any
 [Page 114]

1 J. Vaughn
 2 A. It would have to be after
 3 Q. Was it before or after they
 4 paid you your Cobra?
 5 A. Again, Cobra is something
 6 nobody paid me any Cobra or anything like
 7 that. If it was in there it's in there.
 8 No one paid me Cobra or anything.
 9 Q. Nobody paid your Cobra?
 10 A. No.
 11 Q. Did you ever seek legal
 12 counsel asking someone to enforce the
 13 obligation in the settlement agreement
 14 regarding a payment of Cobra?
 15 A. No.
 16 Q. Is that something that you
 17 didn't pay attention to one way or the
 18 other?
 19 A. No.
 20 Q. In paragraph 16 --
 21 A. Yes.
 22 Q. -- towards the end of the
 23 paragraph it says: "Vaughn also
 24 acknowledges that he has been afforded at
 25 least 21 days to consider the release
 [Page 116]

1 J. Vaughn
 2 exception that you could still bring
 3 something in court?
 4 A. No.
 5 Q. When did you first decide that
 6 you wished to bring a class action?
 7 A. When I realized Prudential had
 8 a secret agreement with Leeds & Morelli --
 9 when I say secret because I knew nothing
 10 about it, and that they were being paid by
 11 Leeds & Morelli as well as by myself. So
 12 I looked at that as a reason.
 13 Q. When you say -- I asked you
 14 for when. So why are you telling me what
 15 was the basis that you think you have a
 16 claim. When did you determine that?
 17 MR. BORTNICK: I object to
 18 the question because the question
 19 was when, and his answer was when I
 20 realized.
 21 THE CHAIRMAN: That's fine.
 22 Q. What was the date?
 23 A. I don't recall.
 24 Q. Was it before or after you
 25 received full payment?
 [Page 115]

1 J. Vaughn
 2 provision contained herein." Was that
 3 true?
 4 A. I don't know, I guess, yeah.
 5 Q. You had 21 days to consider
 6 whether to release this claim in exchange
 7 for payment of \$200,000?
 8 A. Yes.
 9 Q. And you did that?
 10 A. Yes.
 11 Q. And after that 21 days you
 12 decided to go forward and release the
 13 claim against Prudential?
 14 A. This has been way beyond 21
 15 days, we are talking about years now.
 16 Q. It says in the contract --
 17 A. I understand that.
 18 Q. -- that you had 21 days to
 19 consider the release before you accepted
 20 it, and you took that time and decided you
 21 wanted to release this claim?
 22 A. Yes.
 23 Q. And in connection with that
 24 you had the terms of the settlement
 25 agreement?
 [Page 117]

[30] (Pages 114 to 117)

1 J. Vaughn
 2 A. Yes.
 3 Q. And then it also says that you
 4 have seven days after signing this
 5 agreement to revoke it in writing.
 6 A. Yes.
 7 Q. Did you understand that at the
 8 time?
 9 A. Yes.
 10 Q. And during that seven-day time
 11 period, you had the settlement agreement
 12 in your possession; isn't that correct?
 13 A. Possibly.
 14 Q. Did you ask anybody for it?
 15 A. No.
 16 Q. Did you review its terms in
 17 those seven days?
 18 A. Yes.
 19 Q. And after reviewing and during
 20 that seven-day period you did not revoke
 21 this agreement?
 22 A. No.
 23 Q. Was there any questions that
 24 you directed to anybody about the
 25 agreement?

[Page 118]

1 J. Vaughn
 2 elapsed between the time you signed
 3 whatever you signed in the bathroom the
 4 agreement and the release?
 5 A. It had to be maybe a couple of
 6 weeks, maybe two weeks or something like
 7 that.
 8 Q. During that two-week period
 9 did you have any conversations with Mr.
 10 Morelli?
 11 A. When I went into his office
 12 and signed the release for the check, yes.
 13 Q. Other than that, did you have
 14 any other conversations with Mr. Morelli
 15 at any time regarding a settlement
 16 agreement?
 17 A. No.
 18 Q. Did you discuss the terms of
 19 the settlement agreement when you took the
 20 check?
 21 A. No.
 22 Q. Did you ask him about the
 23 arbitration provision?
 24 A. No.
 25 Q. Did you ask him about the

[Page 120]

1 J. Vaughn
 2 A. Yeah.
 3 Q. Who did you speak with?
 4 A. Steve Morelli.
 5 Q. When did you speak with Mr.
 6 Morelli regarding the settlement
 7 agreement?
 8 A. The day I came into his office
 9 and signed a release for the check.
 10 Q. So you met with Mr. Morelli
 11 and you signed the agreement in his
 12 office?
 13 A. Not the agreement I signed the
 14 release for the check. I had to sign a
 15 release for it. So I signed that in his
 16 office, the agreement was signed in the
 17 bathroom at Tavern on the Green.
 18 Q. How much time elapsed between
 19 the time you were in the bathroom and the
 20 time you signed the release?
 21 A. When you say the release, you
 22 are talking about the agreement or are you
 23 talking about the check?
 24 Q. You just said you signed the
 25 release. I'm asking you how much time

[Page 119]

1 J. Vaughn
 2 class actions?
 3 A. No.
 4 Q. Did you ask him whether or not
 5 I will be able to go to federal court
 6 after this and sue Prudential again?
 7 A. No, because I figured that he
 8 is my attorney, he would tell me that.
 9 Q. That you would be entitled --
 10 A. What my rights are at that
 11 point.
 12 Q. Did Mr. Morelli tell you you
 13 cannot go to federal court?
 14 A. No.
 15 Q. He never told you that?
 16 A. Never.
 17 Q. You read the agreement and it
 18 said that you were releasing all claims?
 19 A. Yes.
 20 Q. Did you ask him: What is this
 21 I'm releasing all my claims?
 22 A. No, I had no reason to ask him
 23 that
 24 Q. Because you understood that?
 25 A. Yes.

[Page 121]

[31] (Pages 118 to 121)

1 J. Vaughn
 2 Q. You understood that you had to
 3 arbitrate any claim or controversy under
 4 the agreement?
 5 A. Yes.
 6 Q. When you went to see Mr.
 7 Morelli for the release of the check, did
 8 you hand him a written revocation saying I
 9 don't want to go forward with this
 10 agreement?
 11 A. No.
 12 Q. Did you tell Mr. Morelli at
 13 that time I never agreed to arbitrate any
 14 claim or controversy after this?
 15 A. No.
 16 MS. LEWIS: I have nothing
 17 further.
 18 THE CHAIRMAN: Thank you.
 19 MR. BORTNICK: I have some
 20 questions.
 21 EXAMINATION BY
 22 MR. BORTNICK:
 23 Q. Mr. Vaughn, when you say that
 24 you signed a release in order to get the
 25 check, was that a release in the form of

[Page 122]

1 J. Vaughn
 2 an agreement like I promise not to sue, or
 3 was it I give you the check and you are
 4 released, I'm acknowledging I'm getting a
 5 check?
 6 A. That was a statement with the
 7 deductions on it for DOW and for their
 8 fees and the amount of the check that was
 9 going to be given to me, that's what I
 10 signed that release for.
 11 Q. That was a check from Leeds &
 12 Morelli?
 13 A. Yes.
 14 Q. It was the \$200,000 settlement
 15 minus certain deductions?
 16 A. Yes.
 17 Q. And if I understood what you
 18 said, the release was just a document
 19 saying these are the deductions?
 20 A. Yes.
 21 MS. LEWIS: This is redirect.
 22 Why are you leading the witness like
 23 this?
 24 THE CHAIRMAN: Overruled.
 25 Q. The release when you call it a

[Page 123]

1 J. Vaughn
 2 release, it was a statement saying these
 3 are the deductions from the \$200,000 and
 4 here is the Leeds & Morelli Brown check
 5 for the net?
 6 A. Correct.
 7 MR. BORTNICK: Nothing
 8 further.
 9 THE CHAIRMAN: Any recross.
 10 MR. HARPER: No.
 11 MS. LEWIS: Nothing further.
 12 ARBITRATOR LINDBERGH: I have
 13 a question. It is related to your
 14 statement.
 15 Mr. Vaughn, I'm looking for
 16 the date to be specific so that you
 17 can know it. It is Respondent's 2,
 18 Mr. Vaughn's statement. I wondered
 19 if you typed that yourself?
 20 THE WITNESS: No, I didn't.
 21 ARBITRATOR LINDBERGH: Do you
 22 recall who did type it?
 23 THE WITNESS: I submitted a
 24 statement which I have a copy of but
 25 this I think was done at Leeds &

[Page 124]

1 J. Vaughn
 2 Morelli.
 3 ARBITRATOR LINDBERGH: Nothing
 4 further.
 5 THE CHAIRMAN: Mr. Vaughn,
 6 several times in the course of your
 7 testimony, for example, when you
 8 were talking about the Leeds Morelli
 9 retainer agreement --
 10 THE WITNESS: Yes.
 11 THE CHAIRMAN: -- you
 12 indicated that that wasn't really
 13 the full picture of what was
 14 transpiring between the two of you.
 15 Sometimes you called it a false
 16 statement or whatever.
 17 Could you elaborate on that as
 18 to what the full picture was as you
 19 saw it in this situation?
 20 THE WITNESS: Certainly.
 21 Again, when we signed this retainer
 22 or myself when I signed this
 23 retainer for Leeds & Morelli, we
 24 were or we had a bit of a group at
 25 that point. The group had or was

[Page 125]

[32] (Pages 122 to 125)

1 J. Vaughn
 2 very much looking to take this
 3 public, this was not an issue of
 4 settling, this was strictly we
 5 wanted to go public with it and we
 6 wanted it to be -- and go to court.
 7 After talking with Leeds &
 8 Morelli, you know, they told to us
 9 do otherwise and we followed suit
 10 with that. However, as far as the
 11 agreement is concerned they, again,
 12 when I signed not the retainer --
 13 are we talking about specifically
 14 the retainer.
 15 THE CHAIRMAN: That is one
 16 place.
 17 THE WITNESS: The retainer --
 18 again, the retainer was signed
 19 somewhere after, and if I remember
 20 correctly, somewhere around the time
 21 that we had already been or where we
 22 had already dealt with Prudential
 23 and knowing what they wanted to do
 24 with the cases. And we ended up
 25 signing the retainer afterwards. I
 [Page 126]

1 J. Vaughn
 2 know we did not all of us sign it up
 3 front, the retainers.
 4 As far as the settlement
 5 agreement is concerned, again, and I
 6 specifically said it over Prudential
 7 phones which were recorded at the
 8 time: Look, you guys are telling me
 9 that I'm going to be working for
 10 DOW, I'm going to get \$200,000 that
 11 is not taxable and I'm going to get
 12 long-term disability.
 13 The three people who were on
 14 the phone was Jeff Brown, Steve
 15 Morelli and Lenny Leeds, and all of
 16 them agreed that's what was going to
 17 happen.
 18 Now when I saw this in the
 19 bathroom at Tavern on the Green, I
 20 specifically asked Jeff, who was the
 21 one who presented it to me: Jeff,
 22 what about the long-term disability
 23 what about the job for DOW. That
 24 could not be put into this -- in his
 25 words, that could not actually be
 [Page 127]

1 J. Vaughn
 2 put into this, but yes these are the
 3 things you will get as part of your
 4 settlement.
 5 So that's why when you asked
 6 questions about that I was a little
 7 reluctant because I know of a
 8 different story.
 9 THE CHAIRMAN: One other
 10 question. A little clarification
 11 about the relationship between the
 12 21 days that the agreement says that
 13 you had to consider the release and
 14 the signature in the bathroom; how
 15 did those two -- what was the time?
 16 THE WITNESS: For the
 17 signature --
 18 THE CHAIRMAN: You said you
 19 signed it in the bathroom.
 20 THE WITNESS: It was about two
 21 weeks afterwards, Steve called me to
 22 come down to his office in Carle
 23 Place, Long Island to pick up my
 24 check and that was two weeks after I
 25 signed this in the bathroom at
 [Page 128]

1 J. Vaughn
 2 Tavern on the Green.
 3 ARBITRATOR LUBOW: Thank you.
 4 Had you not been afforded at
 5 least 21 days prior to signing it?
 6 In other words, you weren't given
 7 this 21 days before you signed it?
 8 THE WITNESS: No, not at all.
 9 I signed it the same day it was
 10 presented to me.
 11 THE CHAIRMAN: And had you
 12 been presented with the substance of
 13 this?
 14 THE WITNESS: Other than what
 15 I've just spoke about what the terms
 16 were of my settlement nothing per se
 17 in writing.
 18 THE CHAIRMAN: And how long
 19 before had that been presented to
 20 you?
 21 THE WITNESS: It would have to
 22 have been like I say maybe a week or
 23 so before. It was whenever that
 24 fundraiser for Carl McCall went on,
 25 that's when they informed me
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[33] (Pages 126 to 129)

1 J. Vaughn
 2 basically and the day I left
 3 Prudential for the day that was the
 4 day they told me if you don't want
 5 to come back you don't have to come
 6 back, this is what you are getting.
 7 Later on I met them at Tavern on the
 8 Green, where I first saw this
 9 agreement and signed it there at
 10 Tavern on the Green. And even then
 11 they went on to say, hey, this is
 12 what you are getting. This is,
 13 there are certain things that aren't
 14 in here, that is for whatever
 15 obvious reasons but you will get
 16 those things. And, again,
 17 documentation, I have to prove that
 18 they did try to go after those
 19 things.
 20 THE CHAIRMAN: And you knew
 21 you had seven days to back out of
 22 this?
 23 THE WITNESS: Yes.
 24 THE CHAIRMAN: You didn't
 25 consult -- did you consult another
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1 J. Vaughn
 2 lawyer to review this?
 3 THE WITNESS: No.
 4 THE CHAIRMAN: Thank you very
 5 much.
 6 MR. BORTNICK: Nothing
 7 further.
 8 MR. HARPER: Nothing further
 9 order.
 10 MR. BORTNICK: I think Mr.
 11 Harper is about to say there is not
 12 an issue as as to whether the
 13 release was valid because he wasn't
 14 afforded 21 days. We are not making
 15 the claim he was short changed in
 16 the time. It means they have to
 17 hold the agreement open for 21 days
 18 and he can sign it within half a
 19 second of receiving it, that's
 20 actually a DEA waiver.
 21 MR. HARPER: And it has
 22 nothing to do with the time of the
 23 execution, as Mr. Bortnick says he
 24 can sign it immediately or he can
 25 decide to take the full 21 days, and
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1 J. Vaughn
 2 but, he does have seven days to
 3 revoke it in writing and the
 4 agreement, I think, specifically
 5 provides that we don't cut the check
 6 until the seven days passes.
 7 THE CHAIRMAN: Fine.
 8 MR. HARPER: I don't think
 9 there is a controversy between the
 10 parties that those time periods were
 11 within the claimants' rights to
 12 uphold or disregard.
 13 THE CHAIRMAN: Fine.
 14 MR. HARPER: I have nothing
 15 further.
 16 MR. BORTNICK: Mr. Vaughn is
 17 our only witness we have nothing
 18 more to press, we rest.
 19 THE CHAIRMAN: Do you have
 20 any witnesses?
 21 MR. HARPER: Prudential
 22 rests?
 23 THE CHAIRMAN: Do you have
 24 any witnesses, Ms. Lewis?
 25 MS. LEWIS: We rest.
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1 J. Vaughn
 2 MR. HARPER: Can I make a
 3 suggestion while we have burdened
 4 you with a great deal, I would like
 5 to read the transcript and submit a
 6 very, very short piece of paper.
 7 I don't think we need, I would
 8 just be repeating whatever I said in
 9 terms of the closing, and if I have
 10 a transcript I might think it might
 11 inspire me but I'm not talking
 12 anything voluminous. Ten pages
 13 tops.
 14 MR. BORTNICK: I think, Mr.
 15 Harper, I appreciate what he is
 16 trying to say. I think we have the
 17 right for closing statements I
 18 believe under the rules.
 19 THE CHAIRMAN: Sure.
 20 MR. BORTNICK: I would like
 21 to use my right.
 22 THE CHAIRMAN: You say you
 23 want to file a posthearing brief?
 24 MR. HARPER: Yes.
 25 MR. BORTNICK: So we can
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[34] (Pages 130 to 133)

1 J. Vaughn
2 argue after the closing about that?
3 THE CHAIRMAN: Yes. One
4 doesn't exclude the other.
5 MR. BORTNICK: I think I may
6 have misunderstood him. I intend to
7 burden you a little.
8 MR. HARPER: I know the rules
9 say it, but I was hoping to forebear
10 from the closing statement.
11 MR. BORTNICK: You need not
12 to.
13 THE CHAIRMAN: Proceed.
14 MR. BORTNICK: Rule 10301-D,
15 subsection 3 of the NASD rules. No
16 member or associated person -- we
17 are talking about Prudential here --
18 shall seek to enforce any agreement
19 to arbitrate against a customer,
20 other member or person associated
21 with the member who has initiated in
22 court a punitive class action --
23 that would be Mr. Vaughn -- or is a
24 member of a punitive or certified
25 class, with respect to any claims
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1 J. Vaughn
2 encompassed by the class action
3 unless and until -- and there's a
4 four separate things set out. For
5 example, unless and until the court
6 decides not to certify the class or
7 one of the class members opt out,
8 for example. But the point of the
9 rule is clear, Prudential under rule
10 10301-D3 is not even allowed to be
11 doing what it is doing here, and
12 that's why a statement of claim we
13 have specifically sought the relief
14 of a disciplinary referral against
15 Prudential because it is a direct
16 violation of this rule what they are
17 doing here, that's number one.
18 Number 2, this panel has had
19 way too much paper on why we are
20 here, and that's why I wanted today
21 read into the record what Judge
22 Coate said. She wanted to know --
23 she wanted the arbitrators to
24 decide, not her, because we had
25 initially argued she should decide
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1 J. Vaughn
2 and she said, no, it is for the
3 arbitrators to decide what was the
4 intention of the parties when the
5 agreement was signed. Specifically,
6 what was the intention with respect
7 to class actions.
8 She came up with three things
9 that she thought might be possible.
10 And one of them no one is arguing.
11 No one is arguing that it was the
12 intent of the parties to have class
13 arbitration, so we are left with
14 two, two possibilities. Okay.
15 So we want to know what the
16 intent of the agreement is. That's
17 easy, we swear, we put under oath
18 and ask the people that signed the
19 agreement, the people that entered
20 into the agreement, Mr. Vaughn and,
21 well, I thought Prudential.
22 Obviously, Leeds & Morelli
23 can't do it. The only thing they
24 possibly could have done, and I
25 thought they might be doing because
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1 J. Vaughn
2 Mr. Brown was on the witness list
3 because maybe he was going to show
4 up and said I advised Mr. Vaughn
5 that so forth and so on, but he
6 didn't say that, he wasn't here to
7 say that.
8 The only testimony you had is
9 Mr. Vaughn's testimony, and he
10 clearly said I didn't intend to
11 waive a class action. I did not
12 intend to make some kind of waiver
13 with conflict with the other part of
14 rule 10301 which has no class
15 actions at the NASD.
16 I was frankly shocked that
17 Prudential, at least at first I was
18 shocked that Prudential did not put
19 any witnesses on their witness list
20 and did not have anybody appear to
21 say what Prudential's intent was,
22 because then you would have a "he
23 said, she said." Mr. Vaughn says
24 one thing and Prudential would say
25 the other, and the panel would have
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[35] (Pages 134 to 137)

1 J. Vaughn

2 to figure it out.

3 We can only speculate, but
4 perhaps the best reason, the one
5 that makes the most sense is that
6 nobody from Prudential showed up is
7 because no one from Prudential was
8 going to come here and say something
9 that wasn't true. But it really
10 doesn't matter the only testimony
11 you have is Mr. Vaughn, that is the
12 only thing that can be relied on as
13 far as what were the intentions of
14 the parties not what is the basis of
15 Mr. Vaughn's class action case, not
16 whether he was happy with his
17 attorneys, not whether he thinks he
18 has to pay \$200,000 back to
19 Prudential to continue in court.

20 That is all just more than
21 window dressing. It is the circus
22 around why we are here. And you
23 only heard testimony from one
24 witness about intent and that's why
25 this case was sent here, and so

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1 J. Vaughn

2 really there is nothing left to do.
3 I don't see how there could be any
4 finding that there was an intent to
5 waive class action claims because
6 you heard no competent evidence that
7 would support that.

8 So we are left here in the
9 situation where the panel really, at
10 least in my view, has no choice but
11 to make a finding that the class
12 action can go forward and, frankly,
13 that Prudential should be, at least
14 that the panel doesn't have the
15 ability for a regulatory
16 disciplinary -- not to actually
17 impose the discipline, but it has
18 the panel to make the referral to
19 the appropriate district because it
20 is a clear violation of the rule in
21 trying to enforce a no class action
22 clause that they are not allowed to.

23 MR. BORTNICK: Thank you.

24 THE CHAIRMAN: Anything
25 further?

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1 J. Vaughn

2 MR. HARPER: Yes.

3 MR. HARPER: Mr. Bortnick,
4 consistently overlooks Rule 10216-F
5 of the NASD rules which says, if a
6 member or a current or former
7 associated person of a member files
8 in court of the claim against a
9 member or current or former
10 associated person of a member that
11 includes matters that are subject to
12 mandatory arbitration, identified by
13 the rules of the association or by
14 private agreement, the defendant
15 party may move to compel arbitration
16 of the claims that are subject to
17 mandatory arbitration.

18 Pursuant to that right and
19 that rule we made a motion to compel
20 that the United States federal
21 district court granted in the face
22 of precisely the argument Mr.
23 Bortnick is making to you this
24 morning.

25 So the idea that we were in

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1 J. Vaughn

2 violation of this rule, and I note
3 that the rule on which Mr. Bortnick
4 relies 10301, does not refer to a
5 formerly associated person. They
6 could have put that in the rule,
7 they didn't, but they did put it in
8 the rule on your right to move to
9 compel.

10 Now, I'm at something of a
11 disability here because the lawyers
12 in the room know that in connection
13 with a communication between Mr.
14 Vaughn and his personally chosen
15 lawyer the lawyer Prudential had
16 absolutely nothing to do with
17 selecting for him. Prudential had
18 no right at all to communicate with
19 Mr. Vaughn directly that's an
20 ethical road in the Code of
21 Professional Responsibilities in New
22 York and in every model Rule of
23 Professional Conduct in the 50
24 jurisdictions.

25 So Prudential is uniquely

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[36] (Pages 138 to 141)

1 J. Vaughn
 2 disabled from having any knowledge
 3 of what was said between Mr. Vaughn
 4 and his lawyers that was subject to
 5 a privilege at the time. And one
 6 that would have sent us to ethics
 7 jail had we attempted to try and
 8 communicate with Mr. Vaughn about
 9 the meaning of the agreement that
 10 was for his handpicked lawyer to do,
 11 and it is deeply unfair for Mr.
 12 Vaughn to come in here and say he
 13 has a right to sue me because his
 14 handpicked lawyer he claims he
 15 didn't understand the agreement that
 16 between PSI and his lawyer because
 17 his lawyer didn't explain it to him.
 18 Now, Mr. Bortnick says Prudential
 19 has no witness on intent and the
 20 reason we have no witness on intent
 21 is because Prudential expressed its
 22 intent in plain, clear, unambiguous
 23 language in the agreement and for
 24 Mr. Bortnick to suggest that the
 25 only evidence before you is Mr.

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1 J. Vaughn
 2 Vaughn's ever changing ever shifting
 3 testimony about what he understood
 4 and didn't understand what was true
 5 and what wasn't true is the only
 6 evidence before you is quite untrue.
 7 Of course, you have before you
 8 the agreements that he signed that
 9 very clear and unambiguous language
 10 in them. Equally clear and
 11 unambiguous is the transcript of
 12 Judge Coate in response again to
 13 exactly the arguments exactly the
 14 arguments that Mr. Bortnick is
 15 making to you, quote, the plaintiff
 16 clearly agreed to the arbitration of
 17 his claims.
 18 And I ruled that the
 19 arbitration agreement was valid and
 20 enforceable and that legally was not
 21 in dispute, and that what this panel
 22 was to decide was what kind of
 23 arbitration proceedings we would
 24 have, what kind of arbitration
 25 proceedings we would have, is what

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1 J. Vaughn
 2 the judge says in her transcript.
 3 So I think it is pretty clear
 4 when you sign on to a arbitration
 5 clause with an individual claim,
 6 remember all he had was a individual
 7 claim, not a class claim. He had an
 8 individual claim that he was
 9 discriminated against. And he said
 10 he wanted to be paid \$200,000, and
 11 he was by PSI in a mediation
 12 process.
 13 The system worked. The law
 14 favors these kind of alternative
 15 dispute resolution mechanisms. And
 16 in Mr. Vaughn's case, it worked very
 17 handsomely for him. And it would be
 18 I think an unmitakeable inference
 19 arising from the clear and
 20 unambiguous language of the contract
 21 that when a person settles an
 22 individual claim and agrees to
 23 arbitrate any dispute over the
 24 settlement agreement. For example,
 25 if he doesn't get his Cobra, which I

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1 J. Vaughn
 2 happen to believe not to be true,
 3 but I don't have the document here
 4 to demonstrate it as a statutory
 5 segue, so it would be quite bizarre
 6 for Cobra not to have worked in
 7 those circumstances. It is
 8 egregiously unfair for Prudential to
 9 have to be confronted again by
 10 someone it settled with and be paid
 11 in a clear and unambiguous contract,
 12 what is now almost nine years ago or
 13 eight years ago, at some point it is
 14 time to stop. Thank you.
 15 THE CHAIRMAN: You are next.
 16 MS. LEWIS: Let me start with
 17 this, which is where we ended when
 18 we were opening. Which is the
 19 propriety of having Mr. Vaughn
 20 testify at all.
 21 And I think that Mr. Vaughn's
 22 testimony was the quintessential
 23 example of the wisdom of the law
 24 that says when you have an agreement
 25 the intent of the parties is the

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[37] (Pages 142 to 145)

1 J. Vaughn
2 objective intent, based upon the
3 words in that agreement, and not the
4 ability of the individuals to go
5 back and try to remember what they
6 did or did not intend eight years
7 ago or nine years ago, whatever it
8 is.

9 Mr. Vaughn demonstrated that
10 he understood certain parts and
11 other parts maybe did not understand
12 other parts, he didn't read some.
13 Maybe he didn't read others very
14 conveniently. And let us be honest,
15 Mr. Vaughn, and his counsel will
16 have to go back to federal court in
17 order to seek his money, they have
18 not sought any money here. They
19 have conveniently turned the
20 standard on its head, the court did
21 not refer to this court or to the
22 panel I mean the question of whether
23 or not there was a knowing waiver of
24 class actions. What was referred
25 was a question of the interpretation

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1 J. Vaughn
2 of the arbitration clause. And the
3 testimony to the extent that it was
4 consistent at all, was consistent
5 with Mr. Vaughn knew and understood
6 that any claim or controversy
7 arising in connection with the
8 agreement or its interpretation was
9 to be arbitrated.

10 And whether or not or what the
11 rules were, he didn't inquire, he
12 didn't care, he wanted his \$200,000
13 and he received his \$200,000. He
14 had opportunities to ask questions,
15 he had opportunities to revoke, he
16 didn't, as he testified, he just
17 didn't care. That subsequently in
18 order to evade and, frankly,
19 fundamentally attack the quality of
20 the alternative dispute resolution
21 process, Mr. Vaughn, and his counsel
22 can put his name in front of a
23 punitive class action and claim that
24 his individual claims that the court
25 has already determined must be

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1 J. Vaughn
2 arbitrated, can be brought back to
3 court, notwithstanding that
4 unambiguous clause because he has
5 chosen to designate himself as the
6 head of a class, when based upon an
7 individually negotiated settlement
8 puts this in a particularly unique
9 position.

10 Now in preparing for this
11 hearing I actually went onto the
12 NASD website, and the NASD website
13 has a section that talks about we
14 are not just looking to help the
15 industry and the customers and the
16 securities, we can offer dispute
17 resolution to the commercial world
18 and delve into individual questions
19 and individual issues.

20 This is not a customer claim,
21 this is not even an employment
22 claim. This is a commercial
23 contract, a settlement agreement.
24 And in that settlement agreement,
25 the parties unambiguously agreed

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1 J. Vaughn
2 they were going to submit any claim
3 or dispute and Mr. Vaughn has
4 testified that he understood that
5 that should be the end of the
6 question that that should be this
7 body in respect for arbitration and
8 the alternative dispute process
9 should have the discretion to say,
10 he understood the clause, he
11 understood everything, and it says
12 on its face any claim or
13 controversy. And we will go no
14 further than that because the rest
15 was just the rules that were going
16 to be applied in that proceeding.

17 In other words, as Mr. Harper
18 aptly quoted what the court said:
19 What the arbitration is going to
20 look like, not whether or not an
21 arbitration was going to be
22 conducted or not.

23 I would ask again that Mr.
24 Vaughn's testimony be stricken
25 because it should not be relevant to

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[38] (Pages 146 to 149)

1 J. Vaughn
2 this conversation. And point out in
3 response to Mr. Bortnick's comments
4 that is the reason why we didn't
5 compound the error by putting any
6 witness on at this time.

7 The last thing is I would be
8 remiss if I didn't go back and
9 remind about the individual
10 respondents, you heard no word of
11 testimony or heard no word in
12 argument they do not belong here and
13 in due difference to the panel there
14 has been no referral to
15 jurisdictional issues nor could
16 there be. Thank you.

17 MR. BORTNICK: I have a very
18 brief rebuttal.

19 THE CHAIRMAN: Yes.

20 MR. BORTNICK: Over and over
21 I hear from Prudential as well as
22 the Leeds & Morelli firm the
23 individual that this is clear and
24 unambiguous, the arbitration clause
25 is clear and unambiguous. If it was
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1 J. Vaughn
2 so clear and unambiguous, we never
3 would have been here. The judge
4 would have said: Off to arbitration
5 you go. Instead she said, the
6 arbitrators have to figure out what
7 it means, and I can think of, she
8 says at the top of page 4 of the
9 transcript at least three different
10 things and maybe there are more. It
11 was clearly ambiguous to her at
12 least.

13 And that's why she said, and I
14 quoted earlier, you need to figure
15 out the arbitrator -- she said the
16 arbitrator, but we are talking about
17 a panel here -- what are the party's
18 intentions, that is the word she
19 uses "intentions." We read that
20 earlier.

21 And so Prudential is not
22 uniquely disabled, it is uniquely
23 qualified to put on a defense here.
24 Bring up the Prudential witness who
25 is not going to say I can read the
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1 J. Vaughn
2 language and it is clear on its
3 face, but instead to say: We knew
4 what we were doing when we stuck
5 this in the agreement. We drafted
6 the agreement and we put this clause
7 in because we wanted to make sure
8 there would never be a class action.
9 That is easy to do, but they didn't.

10 I think we probably can guess
11 why. The same thing for the Leeds &
12 Morelli defense. You could have put
13 on Mr. Brown when he said: I told
14 Mr. Vaughn that, but they didn't
15 and, of course, we know why it's
16 because that conversation with Mr.
17 Vaughn and Mr. Brown never took
18 place; so, in fact, these parties
19 are uniquely qualified to defend.
20 Thank you.

21 THE CHAIRMAN: Thank you.

22 First of all, we are complete here.
23 If that was a request that his
24 testimony be stricken, it is denied.
25 And I have a couple of questions for
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1 J. Vaughn
2 the lawyers which I hope will help
3 us.

4 First of all, Mr. Bortnick, I
5 apologize for mangling your name
6 before. Why isn't it appropriate to
7 read the reference in the provision.
8 The reference to the NASD rules as
9 shorthand for no class actions.

10 MR. BORTNICK: You mean in
11 this context or generally speaking?

12 THE CHAIRMAN: I don't think
13 it makes a difference.

14 MR. BORTNICK: I'm sorry, I
15 just don't understand the question.
16 You mean in this particular case or
17 this context or other.

18 THE CHAIRMAN: I'm not sure
19 there is any difference.

20 MR. BORTNICK: There is in
21 the sense there are class actions as
22 the panel is aware that go on every
23 day against the securities industry.
24 I mean there must be hundreds in
25 court right now, you know, that's an
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[39] (Pages 150 to 153)

1 J. Vaughn
2 everyday occurrence, all the 10B5
3 cases, the tort reform, and so
4 forth. Of course there are class
5 actions that exist. And the rule is
6 there because the NASD for the stock
7 exchange are equipped as forums to
8 handle the administration of a class
9 action. They've decided there are
10 certain kinds of cases they are not
11 going to hear, class actions are one
12 of them.

13 It doesn't mean that I as a
14 buyer, and I never bought World Com
15 at least not to my knowledge I
16 bought a mutual fund, but as a
17 purchaser of World Com doesn't mean
18 I've waived my rights to a class
19 action against you know there were
20 lawsuits against --

21 THE CHAIRMAN: I don't think
22 you understand me. There is a
23 provision here it says: Here is
24 what is going to happen if there is
25 a dispute, we are going to go to

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1 J. Vaughn
2 arbitration under the rules of the
3 NASD. And I'm wondering why it is
4 not appropriate to read that phrase
5 as "just as it means whatever the
6 time periods are for pleading in the
7 NASD as no class actions" it is a
8 different way of saying it, in other
9 words.

10 MR. BORTNICK: I understand.
11 First of all, because this is also
12 the rule that firms aren't allowed
13 to oppose a class action claim that
14 I read to the panel. But the
15 fundamental issue here is by
16 agreeing to arbitrate, pursuant to
17 the rules of the NASD -- which is
18 pretty near exactly what the
19 agreement says -- the rules are
20 clear, just like anyone else that is
21 arbitrating, I agree to arbitrate
22 pursuant to the rules of NASD if I
23 buy a share of World Com from my
24 broker at Merrill Lynch. It doesn't
25 mean I have been prohibited from

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1 J. Vaughn
2 bringing a class action against
3 Merrill Lynch for wrong research or
4 CSFP is a better example because
5 those were the claims that were made
6 by other firms not me. So everybody
7 has the same agreement when you have
8 a customer agreement in a customer
9 case, I agree to -- if I have a
10 dispute with my broker, Merrill
11 Lynch, I agree to arbitrate pursuant
12 to the rules of the NASD but not for
13 class actions, that's why the class
14 actions exist.

15 Moreover, it is a question of
16 what is the intent of the actual
17 people, what is the intent to them
18 at the time they are signing it, the
19 two parties to get down to the
20 micro. And that's why I said
21 Prudential should have had someone
22 saying what they thought it meant.

23 THE CHAIRMAN: Suppose the
24 NASD has more onerous pleading
25 rules -- just hypothetical -- than a

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1 J. Vaughn
2 judicial process, has a shorter
3 statute of limitations than the
4 judicial process; how is that
5 different from the case where the
6 claimant says -- the claimant says I
7 didn't mean to submit to those
8 rules, those rules are tougher than
9 the rules in the judicial process, I
10 didn't mean to submit to those.
11 MR. BORTNICK: Again,
12 perhaps, I'm not understanding the
13 question. He is agreeing to submit
14 to rules that prohibit class actions
15 from being heard in this forum, but
16 permit them to go on in the courts.
17 That's why I use the example of all
18 security industry class action
19 cases. To my knowledge nobody's
20 ever argued to any NASD or New York
21 stock exchange panel when MillBerg
22 Weiss or Burnstein Lidowitz the mega
23 class action firms bring a class
24 action case against the securities
25 industry like Prudential or similar

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[40] (Pages 154 to 157)